

WALLER LANSDEN DORTCH & DAVIS, PLLC

WALLER LANSDEN DORTCH & DAVIS PLLC
THE CHESAPEAKE BUSINESS CENTRE
1616 WESTGATE CIRCLE, SUITE 106
BRENTWOOD TENNESSEE 37027 8019
(615) 844 6212

WALLER LANSDEN DORTCH & DAVIS LLP
AFFILIATED WITH THE PROFESSIONAL LIMITED LIABILITY COMPANY
520 SOUTH GRAND AVENUE, SUITE 800
LOS ANGELES CALIFORNIA 90071
(213) 362-3680

NASHVILLE CITY CENTER
511 UNION STREET, SUITE 2700
POST OFFICE BOX 198966
NASHVILLE, TENNESSEE 37219-8966
(615) 244-6380
FAX (615) 244-6804
www.wallerlaw.com

RECEIVED
WALLER LANSDEN DORTCH & DAVIS PLLC
809 SOUTH MAIN STREET
POST OFFICE BOX 1035
COLUMBIA TENNESSEE 38402-1035
(931) 386 6031

T.R.A. DOCKET ROOM

D. Billye Sanders
(615) 850-8951
billye.sanders@wallerlaw.com

July 30, 2004

VIA HAND DELIVERY

Pat Miller, Chairman
Tennessee Regulatory Authority
460 James R. Robertson Parkway
Nashville, Tennessee 37219

04-00231

Re: Petition of Chattanooga Gas Company for Approval of Franchise
Agreement with Cleveland Tennessee

Dear Chairman Miller:

Enclosed you will find original and thirteen copies (13) of the Petition of
Chattanooga Gas Company for Approval of Franchise Agreement with the City of
Cleveland, Tennessee.

Sincerely,

D. Billye Sanders/hmd

D. Billye Sanders
Attorney for Chattanooga Gas
Company

DBS/hmd

cc: Archie Hickerson
Elizabeth Wade, Esq.
John Ebert, Esq.
Steve Lindsey

BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSE

IN RE: PETITION OF CHATTANOOGA)
GAS COMPANY FOR APPROVAL OF)
FRANCHISE AGREEMENT WITH)
CLEVELAND, TENNESSEE)
)
)

DOCKET NO

PETITION OF CHATTANOOGA GAS COMPANY FOR APPROVAL OF
FRANCHISE AGREEMENT WITH CLEVELAND, TENNESSEE

Chattanooga Gas Company ("Chattanooga") hereby petitions the Tennessee Regulatory Authority ("TRA") pursuant to Tenn. Code Ann. § 65-4-107 and requests approval of a franchise agreement with Cleveland, Tennessee. In support of this Petition, Chattanooga states the following.

1. Chattanooga is a corporation organized and existing under the laws of the State of Tennessee. Chattanooga's principal place of business is located at 2207 Olan Mills Drive, Chattanooga, Tennessee 37421.

2. Chattanooga is engaged in the public utility business of furnishing natural gas to customers in Chattanooga and Cleveland, Tennessee and the surrounding Hamilton and Bradley County area.

3. On April 2, 2004, the City Council of Cleveland, Tennessee passed an ordinance granting Chattanooga a franchise for the purpose of operating and maintaining a gas distribution system in order to furnish gas service for domestic, commercial, industrial, and municipal general use within the City of Cleveland. A copy of the ordinance is attached hereto as Exhibit A.

4. The ordinance is intended to replace the current franchise between Chattanooga Gas Company and the City of Cleveland which was approved by the TRA in Docket No. U-84-7309 on July 12, 1984. The ordinance grants Chattanooga a franchise

for the term of 20 years. Further, the ordinance provides that Chattanooga will pay as a franchise fee five percent of the gross receipts received from sales of any type of gas to Chattanooga's customers within the City of Cleveland.

5. The franchise grant embodied in the April 2, 2004 ordinance is the result of arms length negotiations between Chattanooga and the City of Cleveland. The parties engaged in extensive negotiations prior to reaching an agreement.

6. The franchise grant is necessary and proper for the public convenience and properly conserves the public interest.

Wherefore, Chattanooga respectfully requests that the franchise agreement embodied in the attached ordinance be approved.

CHATTANOOGA GAS COMPANY

BY *D. Billye Sanders*
D. Billye Sanders
WALLER LANSDEN
DORTCH & DAVIS, PLLC
Nashville City Center
511 Union Street, Suite 2700
Post Office Box 198966
Nashville, TN 37219-8966
(615) 244-6804
bsanders@wallerlaw.com
Attorney for Chattanooga Gas Company

EXHIBIT A

ORDINANCE NO. 2004-05

GAS FRANCHISE

AN ORDINANCE GRANTING UNTO CHATTANOOGA GAS COMPANY, A SUBSIDIARY OF AGL RESOURCES, INC., A FRANCHISE FOR THE PURPOSE OF OPERATING A SYSTEM OF GAS DISTRIBUTION AND SERVICE WITHIN THE CITY OF CLEVELAND SO AS TO FURNISH GAS SERVICE WITHIN THE CITY TO ITS INHABITANTS FOR DOMESTIC, COMMERCIAL, INDUSTRIAL AND MUNICIPAL GENERAL USE.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CLEVELAND, TENNESSEE:

Section 1. This Ordinance shall be known as the "Chattanooga Gas Company Franchise Ordinance."

Section 2. For purposes of this Ordinance the following terms, phrases, words and their derivations shall have the meaning given herein. When not inconsistent with the context, words used in the present tense include the future, words in the plural number include the singular number, and words in the singular number include the plural number. The word "shall" is always mandatory and not merely directory.

- (a) City - City of Cleveland, Tennessee.
- (b) City Manager - The City Manager of the City of Cleveland, Tennessee.
- (c) Company - Chattanooga Gas Company, a subsidiary of AGL Resources, Inc., a Georgia corporation, the Grantee of rights under this franchise and its lawful successors or assigns.
- (d) Construction - The installation, re-installation, laying, erection, digging, renewal, repair, replacement, extension and removal of the gas system, or any activity that may be necessary to maintain and operate a gas system.
- (e) Council - The City Council of the City of Cleveland, Tennessee.
- (f) Gas System - Any pipe, pipeline, tube, main, duct, conduit, service, fitting, feeder, trap, vent, vault, manhole, meter, gauge, regulator, valve, appliance, attachment, appurtenance, and any other personal property constructed, maintained, or operated by Chattanooga Gas Company as may be necessary to import, transport, distribute and sell gas.
- (g) Streets - The public streets, highways, avenues, roads, courts, alleys, lanes, ways, bridges, utility easements, sidewalks, parkways, public rights-of-way, or other public places or grounds in the City as they now exist or they may be established at any time during the term of this franchise in the City.

Section 3. That there is hereby granted to the Company a franchise to construct, reconstruct, maintain and operate a gas system in, upon, along, and under the streets within the City and to carry on, operate, enlarge and continue the same in said City as the same is now or may hereafter exist, for the purposes of furnishing gas service.

The Company shall also have the right and privilege within the City to manufacture, sell and distribute natural gas and all other products and services, including appliances, which are related thereto. Neither the enactment of this Ordinance nor anything contained herein shall constitute

ORDINANCE NO. 2004-05

GAS FRANCHISE

AN ORDINANCE GRANTING UNTO CHATTANOOGA GAS COMPANY, A SUBSIDIARY OF AGL RESOURCES, INC., A FRANCHISE FOR THE PURPOSE OF OPERATING A SYSTEM OF GAS DISTRIBUTION AND SERVICE WITHIN THE CITY OF CLEVELAND SO AS TO FURNISH GAS SERVICE WITHIN THE CITY TO ITS INHABITANTS FOR DOMESTIC, COMMERCIAL, INDUSTRIAL AND MUNICIPAL GENERAL USE.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CLEVELAND, TENNESSEE:

Section 1. This Ordinance shall be known as the "Chattanooga Gas Company Franchise Ordinance."

Section 2. For purposes of this Ordinance the following terms, phrases, words and their derivations shall have the meaning given herein. When not inconsistent with the context, words used in the present tense include the future, words in the plural number include the singular number, and words in the singular number include the plural number. The word "shall" is always mandatory and not merely directory.

- (a) City - City of Cleveland, Tennessee.
- (b) City Manager - The City Manager of the City of Cleveland, Tennessee.
- (c) Company - Chattanooga Gas Company, a subsidiary of AGL Resources, Inc., a Georgia corporation, the Grantee of rights under this franchise and its lawful successors or assigns.
- (d) Construction - The installation, re-installation, laying, erection, digging, renewal, repair, replacement, extension and removal of the gas system, or any activity that may be necessary to maintain and operate a gas system.
- (e) Council - The City Council of the City of Cleveland, Tennessee.
- (f) Gas System - Any pipe, pipeline, tube, main, duct, conduit, service, fitting, feeder, trap, vent, vault, manhole, meter, gauge, regulator, valve, appliance, attachment, appurtenance, and any other personal property constructed, maintained, or operated by Chattanooga Gas Company as may be necessary to import, transport, distribute and sell gas.
- (g) Streets - The public streets, highways, avenues, roads, courts, alleys, lanes, ways, bridges, utility easements, sidewalks, parkways, public rights-of-way, or other public places or grounds in the City as they now exist or they may be established at any time during the term of this franchise in the City.

Section 3. That there is hereby granted to the Company a franchise to construct, reconstruct, maintain and operate a gas system in, upon, along, and under the streets within the City and to carry on, operate, enlarge and continue the same in said City as the same is now or may hereafter exist, for the purposes of furnishing gas service.

The Company shall also have the right and privilege within the City to manufacture, sell and distribute natural gas and all other products and services, including appliances, which are related thereto. Neither the enactment of this Ordinance nor anything contained herein shall constitute

any repeal or modification, expressed or implied, of any other ordinance of the City now in effect, whether codified or not, and the City expressly reserves the right to enact any and all such ordinances respecting the Company and its business as may be authorized by law, provided that any such ordinances shall not abridge the rights and privileges granted to the Company hereunder.

Section 4. That this franchise shall inure to the benefit of the Company, its successors and assigns, and shall exist and remain in effect for a period of twenty (20) years from and after passage of this Ordinance on final reading.

Section 5. That the Company shall not at any time charge in excess of such lawful rates as from time to time may be fixed by the Tennessee Regulatory Authority, or such other duly constituted body as may have power and authority in such matter. That the Company shall comply with all lawful orders of the Tennessee Regulatory Authority, or any other duly constituted body as may have power and authority in such matters respecting rates, the quality of gas, pressure, health measures and other conditions of service.

Section 6. That the Company in constructing or continuing a gas system along, across, under or through any City street, shall comply with all Ordinances of the City and shall take care not to obstruct or injure unnecessarily any such streets, and shall with reasonable diligence restore such streets to as good state of repair and condition as the same were before disturbed by said Company. The Company shall in all respects fully indemnify and save harmless the City from and against all damages, costs, attorneys fees, or other expenses which the City may incur by reason of such construction. The obligation of indemnity set forth in this section shall also extend to any construction in any street or right-of-way of the City by any property owner pursuant to any contract between said property owner and the Company authorizing the property owner to construct a service line or other gas line from any main of the Company to such property owner's property.

Section 7. That the Company, its successors, or assigns, by the exercise of this franchise, agrees to hold harmless the City on account of any loss, expense, damage, cost, attorneys fees, litigation expenses, or liabilities that may result from Company's operation of its gas system unless such loss, expense, damage, cost, attorneys fees, litigation expenses or liabilities are attributable in whole or part to the negligence of the City, its agents, servants or employees. This right of indemnification shall include all expenses reasonably incurred by the City in defending any claim arising from the Company's operation of its gas system, whether or not the claim has merit.

The Company hereby agrees, upon official request of the City, to furnish the City evidence of insurance in such an amount as may be reasonably necessary to protect the City.

Section 8. That the Company shall maintain all service lines to its customers up to and including the meters and shall, when necessary, repair, renew or replace service lines which are the property of the Company.

The Company shall provide service personnel and equipment based in Cleveland and/or Bradley County, Tennessee to respond to customer service calls from locations within the City, and shall provide the local public service agencies, including the City police department, the City fire department, and the 911 Center with the Company's toll-free emergency telephone number and a listing of direct local telephone and pager numbers of local Company

any repeal or modification, expressed or implied, of any other ordinance of the City now in effect, whether codified or not, and the City expressly reserves the right to enact any and all such ordinances respecting the Company and its business as may be authorized by law, provided that any such ordinances shall not abridge the rights and privileges granted to the Company hereunder.

Section 4. That this franchise shall inure to the benefit of the Company, its successors and assigns, and shall exist and remain in effect for a period of twenty (20) years from and after passage of this Ordinance on final reading.

Section 5. That the Company shall not at any time charge in excess of such lawful rates as from time to time may be fixed by the Tennessee Regulatory Authority, or such other duly constituted body as may have power and authority in such matter. That the Company shall comply with all lawful orders of the Tennessee Regulatory Authority, or any other duly constituted body as may have power and authority in such matters respecting rates, the quality of gas, pressure, health measures and other conditions of service.

Section 6. That the Company in constructing or continuing a gas system along, across, under or through any City street, shall comply with all Ordinances of the City and shall take care not to obstruct or injure unnecessarily any such streets, and shall with reasonable diligence restore such streets to as good state of repair and condition as the same were before disturbed by said Company. The Company shall in all respects fully indemnify and save harmless the City from and against all damages, costs, attorneys fees, or other expenses which the City may incur by reason of such construction. The obligation of indemnity set forth in this section shall also extend to any construction in any street or right-of-way of the City by any property owner pursuant to any contract between said property owner and the Company authorizing the property owner to construct a service line or other gas line from any main of the Company to such property owner's property.

Section 7. That the Company, its successors, or assigns, by the exercise of this franchise, agrees to hold harmless the City on account of any loss, expense, damage, cost, attorneys fees, litigation expenses, or liabilities that may result from Company's operation of its gas system unless such loss, expense, damage, cost, attorneys fees, litigation expenses or liabilities are attributable in whole or part to the negligence of the City, its agents, servants or employees. This right of indemnification shall include all expenses reasonably incurred by the City in defending any claim arising from the Company's operation of its gas system, whether or not the claim has merit.

The Company hereby agrees, upon official request of the City, to furnish the City evidence of insurance in such an amount as may be reasonably necessary to protect the City.

Section 8. That the Company shall maintain all service lines to its customers up to and including the meters and shall, when necessary, repair, renew or replace service lines which are the property of the Company.

The Company shall provide service personnel and equipment based in Cleveland and/or Bradley County, Tennessee to respond to customer service calls from locations within the City, and shall provide the local public service agencies, including the City police department, the City fire department, and the 911 Center with the Company's toll-free emergency telephone number and a listing of direct local telephone and pager numbers of local Company

agents to contact in the event of an emergency. Company shall have trained personnel available 24 hours a day, 365 days per year, who will promptly respond to emergency calls.

The Company shall make every reasonable effort to furnish an ample and uninterrupted supply of gas to all customers throughout its entire gas system within the City and on any enlargements and extensions thereof within the City. At the time each and every annexation ordinance of the City becomes operative the City shall provide the Company with a copy of its ordinance and its accompanying map precisely describing the annexed territory. The Company shall not unreasonably or arbitrarily refuse to make an extension for the purpose of giving gas service to the City, its inhabitants, institutions and businesses.

Section 9. City and the undersigned warrant and represent that, with the exception of the franchise granted to Company by a previously passed ordinance, which franchise was accepted by Company and City, there is no franchise granted by the City in force or effect, to any other person, firm or corporation, for the distribution and selling of gas, and that, during the term of this Agreement, the City will not enter into any other agreements or grant any other franchise for the distribution and selling of gas. The City reserves the right to grant a similar use of said streets to any person or corporation at any time during the period of this franchise so long as such right is not for the business of conveying and selling gas to others as a public utility. Nothing contained within this Ordinance will prevent the City from exercising its legal rights of eminent domain or from operating its own gas system within the City of Cleveland.

Section 10. That in consideration of the grant of this franchise, the Company shall pay as a franchise fee a sum equivalent to 5% of the gross receipts received from sales of any type of gas to the Company's customers within the environs of the City of Cleveland, which sum shall, in accordance with prevailing state law and the Company's rate tariffs be approved by the Tennessee Regulatory Authority, be directly added to the gas bills of, and collected from, those customers of the Company located within the City of Cleveland. Said fee shall be in addition to any sums due to the City from the Company as an ad valorem tax.

The amount of the franchise fee billed by the Company each quarter shall be paid to the City on or before the 15th day of the month following the end of each quarter. If the Company shall fail to pay the amount due, then the City reserves the right to revoke this franchise if said amount that is due and payable is not paid within a period of sixty (60) days after written notice of such delinquency to the Company.

The City shall have access at all reasonable times to the books of the Company for the purpose of ascertaining and/or auditing the amount of fees due the City. The Company shall furnish the City with an annual report showing the amount of gross revenues from its sale of gas within the City. The franchise fee imposed herein shall be effective from and after the adoption of this Ordinance and acceptance by the Company.

Other than as set forth herein, the Company shall not be required to pay any other fee or compensation of any kind in respect of the subject matter of this Ordinance. Provided, however, that the Company shall be required to pay any pavement permit fees in connection with cutting the City streets.

Section 11. If the Company desires to sell the assets of its gas system located within the City of Cleveland as a stand-alone transaction and not as a sale of its larger gas system, then the Company must offer the City the opportunity to buy those assets located and situated in the City of Cleveland on the same terms as being offered to some other party. The City will have forty-five (45) days to accept the offer and an additional ninety (90) days to close said transaction in the event the City elects to exercise the option to purchase.

agents to contact in the event of an emergency. Company shall have trained personnel available 24 hours a day, 365 days per year, who will promptly respond to emergency calls.

The Company shall make every reasonable effort to furnish an ample and uninterrupted supply of gas to all customers throughout its entire gas system within the City and on any enlargements and extensions thereof within the City. At the time each and every annexation ordinance of the City becomes operative the City shall provide the Company with a copy of its ordinance and its accompanying map precisely describing the annexed territory. The Company shall not unreasonably or arbitrarily refuse to make an extension for the purpose of giving gas service to the City, its inhabitants, institutions and businesses.

Section 9. City and the undersigned warrant and represent that, with the exception of the franchise granted to Company by a previously passed ordinance, which franchise was accepted by Company and City, there is no franchise granted by the City in force or effect, to any other person, firm or corporation, for the distribution and selling of gas, and that, during the term of this Agreement, the City will not enter into any other agreements or grant any other franchise for the distribution and selling of gas. The City reserves the right to grant a similar use of said streets to any person or corporation at any time during the period of this franchise so long as such right is not for the business of conveying and selling gas to others as a public utility. Nothing contained within this Ordinance will prevent the City from exercising its legal rights of eminent domain or from operating its own gas system within the City of Cleveland.

Section 10. That in consideration of the grant of this franchise, the Company shall pay as a franchise fee a sum equivalent to 5% of the gross receipts received from sales of any type of gas to the Company's customers within the environs of the City of Cleveland, which sum shall, in accordance with prevailing state law and the Company's rate tariffs be approved by the Tennessee Regulatory Authority, be directly added to the gas bills of, and collected from, those customers of the Company located within the City of Cleveland. Said fee shall be in addition to any sums due to the City from the Company as an ad valorem tax.

The amount of the franchise fee billed by the Company each quarter shall be paid to the City on or before the 15th day of the month following the end of each quarter. If the Company shall fail to pay the amount due, then the City reserves the right to revoke this franchise if said amount that is due and payable is not paid within a period of sixty (60) days after written notice of such delinquency to the Company.

The City shall have access at all reasonable times to the books of the Company for the purpose of ascertaining and/or auditing the amount of fees due the City. The Company shall furnish the City with an annual report showing the amount of gross revenues from its sale of gas within the City. The franchise fee imposed herein shall be effective from and after the adoption of this Ordinance and acceptance by the Company.

Other than as set forth herein, the Company shall not be required to pay any other fee or compensation of any kind in respect of the subject matter of this Ordinance. Provided, however, that the Company shall be required to pay any pavement permit fees in connection with cutting the City streets.

Section 11. If the Company desires to sell the assets of its gas system located within the City of Cleveland as a stand-alone transaction and not as a sale of its larger gas system, then the Company must offer the City the opportunity to buy those assets located and situated in the City of Cleveland on the same terms as being offered to some other party. The City will have forty-five (45) days to accept the offer and an additional ninety (90) days to close said transaction in the event the City elects to exercise the option to purchase.

In the event the City chooses not to exercise the option to purchase, the City shall continue to have the right to approve any sale, assignment, or transfer that Company may desire and this franchise cannot be sold, assigned, or transferred without the express written consent of the City Council, provided, however, that such consent shall not be unreasonably withheld.

In any negotiations between the City and the Company for the purchase of the Company's property by the City, no value shall be placed upon this franchise in arriving at the purchase price to be paid by the City.

Section 12. Any flagrant or continuing violation of the provisions of this Franchise Ordinance by the Company or its successors shall be cause for forfeiture of this franchise agreement, provided that the City shall have given the Company written notification of such violation and allow the Company a reasonable and appropriate time as determined by the City Manager to correct the cited violations.

Section 13. In the event it becomes necessary or expedient for the City to change the course or grade of any highway, street, avenue, road, alley, way, parkway or other public ground in which the Company is maintaining its gas system, then, upon the written request of the City, the Company will remove or change the location or depth of such gas system to conform to the proposed street alteration. It is agreed that Company will, at its own expense, within sixty (60) days after written notice from the City Manager, Company's receipt of final plan approval, and notice to proceed, begin the work of completing any and all things necessary to effect such change in position or location in conformity with such written instructions. Provided, however, that if such request is to accommodate any development by any person or entity other than the City or another governmental body, then the person or entity responsible for such development shall reimburse Company its expenses for such removal or change.

Section 14. After adoption of this Ordinance, should any section, subsection, sentence, provision, clause or phrase of this Ordinance be declared invalid by a court of competent jurisdiction or appropriate regulatory authority, such declaration shall not affect the validity of this Ordinance as a whole or any part thereof other than the part so declared to be invalid or unconstitutional, it being the intent in adopting this Ordinance that no portion thereof or provision or regulation contained therein shall become inoperative or fail by reason of the unconstitutionality or invalidity of any other portion or provision or regulation.

Section 15. That this Ordinance shall not be operative, as distinguished from its effectiveness, until it has been accepted by the Company. The Company shall have thirty (30) days from the date of the final passage of this Ordinance to file with the City Clerk its unconditional acceptance of the terms and conditions of this Ordinance. The Company shall also furnish the City with a copy of the written approval of the Tennessee Regulatory Authority which shall be filed with this Franchise Ordinance.

Section 16. All rights herein granted and/or authorized shall be subject to and governed by this Ordinance, provided, however, the City Council expressly reserves unto itself all its police power to adopt general ordinances and to take other action necessary to protect and promote the safety and welfare of the general public in relation to the rights now reserved to or in the City of Cleveland under its Charter and to all such rights as are now provided by general law.

Section 17. All Ordinances, parts of Ordinances in conflict with this Ordinance are hereby repealed.

Section 18. This Ordinance shall take effect from and after its passage on final reading, the public welfare requiring it.

In the event the City chooses not to exercise the option to purchase, the City shall continue to have the right to approve any sale, assignment, or transfer that Company may desire and this franchise cannot be sold, assigned, or transferred without the express written consent of the City Council, provided, however, that such consent shall not be unreasonably withheld.

In any negotiations between the City and the Company for the purchase of the Company's property by the City, no value shall be placed upon this franchise in arriving at the purchase price to be paid by the City.

Section 12. Any flagrant or continuing violation of the provisions of this Franchise Ordinance by the Company or its successors shall be cause for forfeiture of this franchise agreement, provided that the City shall have given the Company written notification of such violation and allow the Company a reasonable and appropriate time as determined by the City Manager to correct the cited violations.

Section 13. In the event it becomes necessary or expedient for the City to change the course or grade of any highway, street, avenue, road, alley, way, parkway or other public ground in which the Company is maintaining its gas system, then, upon the written request of the City, the Company will remove or change the location or depth of such gas system to conform to the proposed street alteration. It is agreed that Company will, at its own expense, within sixty (60) days after written notice from the City Manager, Company's receipt of final plan approval, and notice to proceed, begin the work of completing any and all things necessary to effect such change in position or location in conformity with such written instructions. Provided, however, that if such request is to accommodate any development by any person or entity other than the City or another governmental body, then the person or entity responsible for such development shall reimburse Company its expenses for such removal or change.

Section 14. After adoption of this Ordinance, should any section, subsection, sentence, provision, clause or phrase of this Ordinance be declared invalid by a court of competent jurisdiction or appropriate regulatory authority, such declaration shall not affect the validity of this Ordinance as a whole or any part thereof other than the part so declared to be invalid or unconstitutional, it being the intent in adopting this Ordinance that no portion thereof or provision or regulation contained therein shall become inoperative or fail by reason of the unconstitutionality or invalidity of any other portion or provision or regulation.

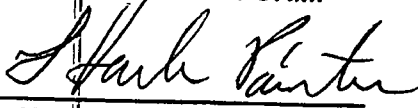
Section 15. That this Ordinance shall not be operative, as distinguished from its effectiveness, until it has been accepted by the Company. The Company shall have thirty (30) days from the date of the final passage of this Ordinance to file with the City Clerk its unconditional acceptance of the terms and conditions of this Ordinance. The Company shall also furnish the City with a copy of the written approval of the Tennessee Regulatory Authority which shall be filed with this Franchise Ordinance.

Section 16. All rights herein granted and/or authorized shall be subject to and governed by this Ordinance, provided, however, the City Council expressly reserves unto itself all its police power to adopt general ordinances and to take other action necessary to protect and promote the safety and welfare of the general public in relation to the rights now reserved to or in the City of Cleveland under its Charter and to all such rights as are now provided by general law.

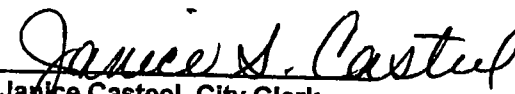
Section 17. All Ordinances, parts of Ordinances in conflict with this Ordinance are hereby repealed.

Section 18. This Ordinance shall take effect from and after its passage on final reading, the public welfare requiring it.

APPROVED AS TO FORM:


L. Harlen Painter, City Attorney



Tom Rowland, Mayor


Janice Casteel, City Clerk

ACCEPTANCE

The within Franchise and its terms and conditions are hereby accepted by Chattanooga Gas Company, a subsidiary of AGL Resources, Inc., on this 2 day of April, 2004

CHATTANOOGA GAS COMPANY, A
SUBSIDIARY OF AGL RESOURCES,
INC.


Title:

Steven L. Lindsey, Vice President - Operations

Attested.
